

EXHIBIT 5

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<p>1 APPEARANCES:</p> <p>2</p> <p>3 MERCHANT & GOULD, P.C.</p> <p>4 BY: HEATHER KLIEBENSTEIN, ESQ.</p> <p>5 3200 IDS Center</p> <p>6 80 South Eighth Street</p> <p>7 Minneapolis, Minnesota 55402-2215</p> <p>8 612-332-5300</p> <p>9 hkliebenstein@merchantgould.com</p> <p>10 For the Plaintiff</p> <p>11</p> <p>12 FREDRIKSON & BYRON, P.A.</p> <p>13 BY: LEAH C. JANUS, ESQ.</p> <p>14 200 South Sixth Street, Suite 4000</p> <p>15 Minneapolis, Minnesota 55402-1425</p> <p>16 612-492-7349</p> <p>17 ljanus@fredlaw.com</p> <p>18 For the Defendants</p> <p>19 ALSO PRESENT:</p> <p>20 ADAM KOWALCZYK, VIDEOGRAPHER</p> <p>21 KEVIN S. MURPHY, ESQ.</p> <p>22 - - - - -</p> <p>23</p> <p>24</p> <p>25</p>	<p>Page 2</p> <p>1 Exhibit 416 Pro Forma Schedule Bates 193</p> <p>2 FED017884_0001 to 0003</p> <p>3</p> <p>4 Exhibit 417 Fifth Supplemental Answer 203</p> <p>5 to Plaintiff's</p> <p>6 Interrogatory No. 19</p> <p>7</p> <p>8 Exhibit 418 Chart Bates FED17883_0001 209</p> <p>9 to 0004</p> <p>10</p> <p>11 PREVIOUSLY MARKED EXHIBIT</p> <p>12</p> <p>13 Exhibit 158 Email dated May 9, 2017 97</p> <p>14 Bates FED010033_0001</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
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<p style="text-align: right;">Page 54</p> <p>1 column as well, what is the reason for the N/A</p> <p>2 in that fourth column?</p> <p>3 A. I would have to speculate, I don't</p> <p>4 know.</p> <p>5 MS. JANUS: And I just note</p> <p>6 that the questions that we have been</p> <p>7 going through on the realtime</p> <p>8 transactions are outside the scope of</p> <p>9 the 30(b)(6) notice, but you can</p> <p>10 continue.</p> <p>11 BY MS. KLIEBENSTEIN:</p> <p>12 Q. Is this the sheet you used to</p> <p>13 prepare to testify on topic 13, Exhibit 406?</p> <p>14 A. Yes, it is.</p> <p>15 Q. Let's move back to the reporting</p> <p>16 that we discussed for Legacy Chubb and Chubb</p> <p>17 today. I understood your testimony to be that</p> <p>18 internally, Chubb today reports revenues,</p> <p>19 expenses, losses, et cetera on a</p> <p>20 line-of-business basis?</p> <p>21 A. Correct.</p> <p>22 Q. For expenses, explain to me how</p> <p>23 that collection of information and reporting</p> <p>24 occurs?</p> <p>25 A. Would you mind clarifying your</p>	<p style="text-align: right;">Page 56</p> <p>1 mean?</p> <p>2 A. Bulk would be expenses that are</p> <p>3 incurred in part of running the operations or</p> <p>4 complying with regulatory guidelines that are</p> <p>5 not at the policy level.</p> <p>6 Q. Can those bulk expenses be linked</p> <p>7 to a particular policy?</p> <p>8 A. No. Not typically, no.</p> <p>9 Q. Can those bulk expenses be linked</p> <p>10 to a product type?</p> <p>11 A. They can be.</p> <p>12 Q. Give me an example of a bulk</p> <p>13 expense that could be linked to a product type.</p> <p>14 A. An example would be an</p> <p>15 underwriter's salary who works on a particular</p> <p>16 product.</p> <p>17 Q. On one particular product?</p> <p>18 A. Uh-huh, yes.</p> <p>19 Q. Now, let's say that underwriter</p> <p>20 worked on multiple products, could you then</p> <p>21 attribute that bulk expense to one particular</p> <p>22 product?</p> <p>23 A. You cannot attribute it directly,</p> <p>24 no.</p> <p>25 Q. What other types of bulk expenses</p>
<p style="text-align: right;">Page 55</p> <p>1 question when you say "collection of</p> <p>2 information"?</p> <p>3 Q. I'll try. Can you explain for me</p> <p>4 the accounting methods used to gather and</p> <p>5 report expenses on a line-of-business basis?</p> <p>6 A. So the accounting methods are based</p> <p>7 on an accrual basis for expenses.</p> <p>8 Q. Understood. I think, I'm wondering</p> <p>9 how the expenses are tracked and then fed into</p> <p>10 the accounting system.</p> <p>11 A. The expenses are tracked as</p> <p>12 incurred through a variety of different means.</p> <p>13 Q. Can you tell me about those</p> <p>14 different means?</p> <p>15 A. Sure. So, the means are either</p> <p>16 direct or bulk.</p> <p>17 Q. Explain to me direct expenses?</p> <p>18 A. Direct expenses are expenses that</p> <p>19 attribute at a policy level.</p> <p>20 Q. Can you give me an example?</p> <p>21 A. Commissions.</p> <p>22 Q. What else?</p> <p>23 A. That is probably, that is probably</p> <p>24 it.</p> <p>25 Q. And what about bulk, what does bulk</p>	<p style="text-align: right;">Page 57</p> <p>1 can you think of?</p> <p>2 A. There are premium taxes, licenses,</p> <p>3 or fees.</p> <p>4 Q. What's a premium tax?</p> <p>5 A. A premium tax is a tax levied by</p> <p>6 typical state jurisdictions over premium</p> <p>7 written in that state.</p> <p>8 Q. For any of those bulk expenses, can</p> <p>9 you -- would it be possible to attribute them</p> <p>10 to one particular product line?</p> <p>11 A. Typically not. Unless it's the</p> <p>12 only product line written in that statement.</p> <p>13 Q. What about attributing bulk</p> <p>14 expenses to a line of business, is it possible</p> <p>15 to attribute certain, any bulk expenses to a</p> <p>16 particular line of business?</p> <p>17 A. Some of them.</p> <p>18 Q. Give me an example of a bulk</p> <p>19 expense that you can attribute to a particular</p> <p>20 line of business.</p> <p>21 A. Along the lines of the same example</p> <p>22 I gave before, an underwriter or a series of</p> <p>23 underwriters that write products in those</p> <p>24 lines.</p> <p>25 Q. So those underwriters would only</p>

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<p style="text-align: right;">Page 58</p> <p>1 write products to those lines?</p> <p>2 A. Correct.</p> <p>3 Q. So, three categories I believe you</p> <p>4 mentioned were premium taxes, licenses, and</p> <p>5 fees?</p> <p>6 A. Uh-huh.</p> <p>7 Q. We went through premium taxes.</p> <p>8 Licenses, can you define that for me?</p> <p>9 A. Sure, it's various</p> <p>10 compliance-related licenses that occurs that</p> <p>11 Chubb as an organization would have to pay.</p> <p>12 Q. Give me an example, please?</p> <p>13 A. Producers, producer licensing.</p> <p>14 Q. In the United States, that's</p> <p>15 typically a license fee at the state level,</p> <p>16 right?</p> <p>17 A. Correct.</p> <p>18 Q. And then fees, give me an example</p> <p>19 on the fees?</p> <p>20 A. State assessments.</p> <p>21 Q. Give me an example of a state</p> <p>22 assessment, an assessment for what?</p> <p>23 A. A guarantee fund.</p> <p>24 Q. A guaranteed fund?</p> <p>25 A. Guarantee fund.</p>	<p style="text-align: right;">Page 60</p> <p>1 Q. And what about claims-related</p> <p>2 expenses?</p> <p>3 A. Claims-related expenses are</p> <p>4 operating expenses incurred associated with the</p> <p>5 handling of claims.</p> <p>6 Q. Give me an example, please?</p> <p>7 A. An example would be legal costs</p> <p>8 associated with the defense of a claim.</p> <p>9 Q. So let's take each three of these</p> <p>10 buckets. So for paid losses, how are those</p> <p>11 losses tracked at Chubb? Are they tracked on a</p> <p>12 product basis or a line-of-business basis or</p> <p>13 something else?</p> <p>14 A. The tracking is actually at a claim</p> <p>15 level.</p> <p>16 Q. And reporting is at a</p> <p>17 line-of-business basis, correct?</p> <p>18 A. The reporting is at a</p> <p>19 line-of-business basis.</p> <p>20 Q. What about claims-related expenses?</p> <p>21 A. Claims-related expenses, they are</p> <p>22 tracked, they can be tracked at a claim level.</p> <p>23 They can be bulk.</p> <p>24 Q. Is there a typical rule of thumb as</p> <p>25 to when claims-related expenses are tracked at</p>
<p style="text-align: right;">Page 59</p> <p>1 Q. Guarantee fund. Now, let's talk</p> <p>2 about losses. With the same types of</p> <p>3 questions, how are losses tracked at the Chubb</p> <p>4 company today?</p> <p>5 A. There are several components within</p> <p>6 losses, is there one in particular that I could</p> <p>7 answer?</p> <p>8 Q. What are the components?</p> <p>9 A. So there are paid losses. There</p> <p>10 are reserves. And there are claims-related</p> <p>11 expenses.</p> <p>12 Q. So paid losses, I'm going to</p> <p>13 suspect those are, that's money given to</p> <p>14 customers?</p> <p>15 A. Correct.</p> <p>16 Q. For loss claims?</p> <p>17 A. Correct.</p> <p>18 Q. And what are reserves?</p> <p>19 A. Reserves are liabilities associated</p> <p>20 with future claim payments.</p> <p>21 Q. Give me an example?</p> <p>22 A. Your homeowners example from</p> <p>23 earlier where you had a \$50,000 loss, that</p> <p>24 50,000 would be a reserve until the claims are</p> <p>25 paid.</p>	<p style="text-align: right;">Page 61</p> <p>1 a claim level versus bulk?</p> <p>2 A. The rule of thumb -- typically,</p> <p>3 it's not a rule of thumb, I think it's</p> <p>4 prescribed in accounting guidance, if the</p> <p>5 expense can be directly attributable to a</p> <p>6 claim, it is tracked at that claim level.</p> <p>7 Q. And what about reserves?</p> <p>8 A. Reserves --</p> <p>9 Q. Go ahead?</p> <p>10 A. I'm sorry. I interrupted you,</p> <p>11 sorry.</p> <p>12 Q. How are reserves tracked today?</p> <p>13 A. Reserves are tracked either at a</p> <p>14 claim level or in bulk.</p> <p>15 Q. And would the same principal apply</p> <p>16 the same prescribed rule of thumb, if they can</p> <p>17 be attributed to a claim they're tracked that</p> <p>18 way versus if they cannot be, they're in the</p> <p>19 bulk category?</p> <p>20 A. If a reserve is attributable direct</p> <p>21 to a claim, it is tracked at a claim level.</p> <p>22 Q. Let's talk about pre-merger Chubb</p> <p>23 regarding losses, would those, is the -- was it</p> <p>24 handled the same way?</p> <p>25 A. Yes.</p>

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<p style="text-align: right;">Page 130</p> <p>1 Q. What are those?</p> <p>2 A. That is, that is the income</p> <p>3 statement captioned for losses related to</p> <p>4 claims and loss adjustment expenses.</p> <p>5 Q. Can you give me an example of a</p> <p>6 loss adjustment expense?</p> <p>7 A. Legal defense of a claim.</p> <p>8 Q. That's what we talked about</p> <p>9 earlier?</p> <p>10 A. Correct.</p> <p>11 Q. And so those losses are reported at</p> <p>12 the company -- and so the tracking for these</p> <p>13 losses, is that -- on what level are the losses</p> <p>14 tracked that are reflected in this first page,</p> <p>15 on a product level, line of business level?</p> <p>16 A. It's a combination of direct and</p> <p>17 bulk.</p> <p>18 Q. And how is it that you were able to</p> <p>19 connect -- well, let's just take the first</p> <p>20 example under the directors and officers</p> <p>21 column, there's about 220K in losses and --</p> <p>22 A. 220 million.</p> <p>23 Q. Million. In losses and LAE. How</p> <p>24 were you able to connect that 220 million to</p> <p>25 directors -- the D&O, the D&O products?</p>	<p style="text-align: right;">Page 132</p> <p>1 subcategory of D&O under the line of business?</p> <p>2 A. Correct.</p> <p>3 Q. So, commissions, can you tell me</p> <p>4 what type of commissions?</p> <p>5 A. These are policy level commissions.</p> <p>6 Q. Commissions to who?</p> <p>7 A. Agents and brokers.</p> <p>8 Q. And G&A, what does that refer to?</p> <p>9 A. General and administrative</p> <p>10 expenses.</p> <p>11 Q. And what about TLF?</p> <p>12 A. Taxes, licenses, and fees.</p> <p>13 Q. And those are both, are those both</p> <p>14 bulk expenses?</p> <p>15 A. Correct.</p> <p>16 Q. And on what level are they tracked?</p> <p>17 A. We allocate to a line of business</p> <p>18 level.</p> <p>19 Q. When you say "We allocate to a line</p> <p>20 of business level," does that mean they're</p> <p>21 tracked at the line of business level, or that</p> <p>22 they're tracked in a larger bucket and</p> <p>23 apportioned?</p> <p>24 A. They're tracked in a larger bucket</p> <p>25 and apportioned.</p>
<p style="text-align: right;">Page 131</p> <p>1 A. The direct expenses are tracked at</p> <p>2 a policy level, so we can aggregate that to the</p> <p>3 line of business. The bulk reserves are</p> <p>4 allocated at that line of business level.</p> <p>5 Q. And what does that mean, "the bulk</p> <p>6 are allocated at that business level"?</p> <p>7 A. There are direct reserves that are</p> <p>8 associated with an individual claim, and then</p> <p>9 there are bulk reserves for those that are not.</p> <p>10 The bulk reserves that are not attributable to</p> <p>11 an individual claim by definition have to have</p> <p>12 the lowest level of granularity, in this case,</p> <p>13 it's a line of business.</p> <p>14 Q. But the D&O is not a line of</p> <p>15 business, right?</p> <p>16 A. It is, yes, directors and officers.</p> <p>17 Q. I thought CSI was the line of</p> <p>18 business and D&O would be the product. Do I</p> <p>19 have that wrong?</p> <p>20 A. CSI is the segment.</p> <p>21 Q. So, the accounting tracks the bulk</p> <p>22 losses too at the -- so, now I'm confused. So,</p> <p>23 CSI is a segment and D&O is a line of business?</p> <p>24 A. Correct.</p> <p>25 Q. And so, a product would be a</p>	<p style="text-align: right;">Page 133</p> <p>1 Q. Apportioned on what basis?</p> <p>2 A. A variety of bases, depending on</p> <p>3 the nature of the expense.</p> <p>4 Q. So for the -- for the G&A, on the</p> <p>5 G&A expenses, on what basis are those</p> <p>6 apportioned?</p> <p>7 A. It's a variety of bases depending</p> <p>8 on the nature of the expense.</p> <p>9 Q. Give me an example.</p> <p>10 A. I worked in the finance department,</p> <p>11 the expenses for my department, the staff, the</p> <p>12 personnel, the salaries, we do not do any work</p> <p>13 that directly correlates to an individual</p> <p>14 product, so, we allocate our expenses based off</p> <p>15 of the level of gross written premium and/or</p> <p>16 bulk reserve associated with each product.</p> <p>17 Q. So, let me try an example. So</p> <p>18 let's say, let's say D&O was 80 percent of</p> <p>19 Chubb's business.</p> <p>20 A. Uh-huh.</p> <p>21 Q. Under that methodology, would</p> <p>22 80 percent of the finance department's costs</p> <p>23 get assigned or allocated to the D&O line of</p> <p>24 business?</p> <p>25 A. Within the segment, correct.</p>

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<p style="text-align: right;">Page 134</p> <p>1 Q. So, essentially, G&A is a fixed</p> <p>2 cost that gets apportioned in your accounting</p> <p>3 methodology?</p> <p>4 A. It's a fixed -- yes, yes.</p> <p>5 Q. What types of -- what types of</p> <p>6 expenses fall under G&A?</p> <p>7 A. Salaries and benefits for staff</p> <p>8 associated with the North America segments. IT</p> <p>9 expenses for the applications that we use,</p> <p>10 mostly to generate the premium registration,</p> <p>11 and policy administration, and the financial</p> <p>12 reporting. Travel, underwriters travel, any</p> <p>13 specific advertising or consulting costs that</p> <p>14 we may have.</p> <p>15 Q. And what about TLF?</p> <p>16 A. Taxes, licenses, and fees are the</p> <p>17 premium tax where we pay on an individual state</p> <p>18 basis, and we allocate as best we can to the</p> <p>19 products within that state.</p> <p>20 Q. We talked about those before, and</p> <p>21 so your same testimony about --</p> <p>22 A. Same testimony applies.</p> <p>23 Q. About those would apply. Now</p> <p>24 expenses incurred. How is -- what's in that</p> <p>25 bucket?</p>	<p style="text-align: right;">Page 136</p> <p>1 between the net written premium and the gross</p> <p>2 written premium.</p> <p>3 A. The net is the premium net of</p> <p>4 reinsurance.</p> <p>5 Q. And what -- I am not an insurance</p> <p>6 guru. What does that mean, "net of</p> <p>7 reinsurance"?</p> <p>8 A. Reinsurance payments, reinsurance</p> <p>9 premium payments are a reduction of our gross</p> <p>10 written premium.</p> <p>11 Q. Give me an example of that.</p> <p>12 A. Of a reinsurance payment? It would</p> <p>13 be payment to a reinsurer under an established</p> <p>14 reinsurance treaty that we have.</p> <p>15 Q. So, like another company?</p> <p>16 A. It would be to another company.</p> <p>17 Q. And so, what about earned premium,</p> <p>18 what's the difference between the net premium,</p> <p>19 earned premium, and the gross earned premium?</p> <p>20 A. Same difference, it's net of</p> <p>21 reinsurance.</p> <p>22 Q. And where is the reinsurance data</p> <p>23 in this table?</p> <p>24 A. The reinsurance data is simply just</p> <p>25 the difference between the two.</p>
<p style="text-align: right;">Page 135</p> <p>1 A. It's a sum of the two rows above</p> <p>2 it.</p> <p>3 Q. And what is underwriting gain or</p> <p>4 loss?</p> <p>5 A. That is the underwriting profit of</p> <p>6 that particular product. It is the earned</p> <p>7 premium minus the loss and LAE incurred, minus</p> <p>8 the expenses incurred.</p> <p>9 Q. And what information is in the</p> <p>10 combined ratio?</p> <p>11 A. The combined ratio is the summation</p> <p>12 of the loss ratio and the expense ratio.</p> <p>13 Q. So, 69.6 percent, that's a combined</p> <p>14 ratio of the loss ratio with the expense ratio?</p> <p>15 A. Correct.</p> <p>16 Q. And so, would it be the lower or</p> <p>17 the higher combined ratio that reflects a more</p> <p>18 profitable line of business?</p> <p>19 A. Typically, a lower combined ratio</p> <p>20 would reflect a higher profit.</p> <p>21 Q. Now, looking down below, we have</p> <p>22 net instead of gross for the same buckets of</p> <p>23 information.</p> <p>24 A. Uh-huh.</p> <p>25 Q. Explain to me the difference</p>	<p style="text-align: right;">Page 137</p> <p>1 Q. Okay. And so, when it comes to</p> <p>2 losses and LAE incurred, how is that -- I</p> <p>3 notice that the net is lower than the gross.</p> <p>4 If the difference between the net and the gross</p> <p>5 is this reinsurance, these reinsurance figures,</p> <p>6 how -- how are the losses and the LAE reduced</p> <p>7 as well?</p> <p>8 A. The reinsurance as it relates to</p> <p>9 premium is a payment, therefore, a reduction in</p> <p>10 premium. The reinsurance as it relates to loss</p> <p>11 and recoveries, therefore, a reduction in your</p> <p>12 net loss.</p> <p>13 Q. Based on recoveries?</p> <p>14 A. Based on recoveries.</p> <p>15 Q. And I notice that G&A and TLF also</p> <p>16 went down in the net group. Explain that</p> <p>17 reduction for me as well.</p> <p>18 A. That's ever so slightly.</p> <p>19 Occasionally, you are able to recover certain</p> <p>20 expenses under a reinsurance policy. It's</p> <p>21 rare. So, the difference between the two</p> <p>22 should not be much.</p> <p>23 Q. And based on the data that we have</p> <p>24 right before us in 409, we can't tell if that</p> <p>25 reduction on any policy would have been for a</p>